Resource crunch in banks

563. SHRIMATI S.G. INDIRA: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that the unabated credit expansion has resulted in a resource crunch forcing banks to mobilize deposits by raising interest rates;

(b) whether Government are aware that some of the banks are reported to be seeking bulk deposits from other banks at very high interest rates to tide over the liquidity problems; and

(c) if so, the steps being taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (c) A statement is laid on the Table of the House.

Statement

(a) Increased returns on competing investment products, increase in Repo Rate, etc. and enhanced demand for credit, have led banks to mobilize deposits at higher rates of interest.

(b) and (c) It is a normal practice for banks to borrow funds from other banks in the inter-bank call money market to tide over temporary mismatches in their fund flows. However, to enable Public Sector Banks (PSBs) to advance credit to the productive sectors of the economy at reasonable rates of interest, the banks have been advised to increase their deposit base, with special focus on low-cost deposits. The performance of PSBs in this regard is also being monitored, on an ongoing basis, by the Government.

SHRIMATI S.G. INDIRA: Sir, I have seen the reply of the hon. Minister. In addition to that, my first supplementary is, according to the press reports, the Government has asked the public sector banks to moderate growth of credit to high-risk sectors. The growth of economy continues to exert pressure on banks to maintain the rate of credit expansion. The industrial sector has experienced a growth rate of over 8 per cent in recent months. The automobile industry, pharmaceuticals and the garment sector are enjoying robust growth. So, any restriction on credit expansion will result

into slowing down of industrial growth. Therefore, I would like to know from the hon. Minister whether the Government has directed the public sector banks to restrict credit to these sectors.

SHRI PAWAN KUMAR BANSAL: Sir, there is no question of denying credit to any sector. The banks have only been advised to see as to which are the sectors and how to really modulate their credit portfolio. The Government is conscious of the fact that the manufacturing sector has played a major role in the growth. And, therefore, there is no denying credit to the manufacturing sector at all.

SHRIMATI S.G. INDIRA: Sir, my second supplementary is this. According to reports, the recovery of housing loans advanced by the public sector banks is at 99 per cent and defaulters at less than one per cent. However, according to reports, the Government has asked the public sector banks to restrict their housing loans. It is the dream of an individual to have his home with the help of bank loan. Therefore, I would like to know from the hon. Minister whether the Government is considering to revise its decision on housing loans, so that the middle-class section can own house of its own choice.

SHRI PAWAN KUMAR BANSAL: Sir, again, I would submit that there is no such instruction whatever that the loans to the housing sector should be restricted. In fact, it has been emphasised that while they restructure their portfolios, the housing sector as such must not suffer. Rather, during the latest decision, the priority sector lending loan for the housing sector has been increased from Rs. 15,00,000 to Rs. 20,00,000.

श्री सत्यव्रत चतुर्वेदी: माननीय सभापति महोदय, मंत्री जी ने अपने जवाब में बैंकों की नकदी की समस्या के कुछ कारण बताए हैं। उसमें एक बड़ा कारण है, जिसका उल्लेख उन्होंने नहीं किया है। तीन वर्ष पहले जब यूपीए सरकार बनी थी, मुझे स्मरण है, एक प्रश्न के उत्तर में पिछली सरकार ने जवाब दिया था कि इस देश में बैंकों का जो एनपीए, नॉन परफॉर्मिंग एसेट है—यानी वह कर्ज जो दिया गया और समय पर वापस नहीं किया गया—इस देश के बड़े औद्योगिक और व्यापारिक घरानों, प्रथम सौ घरानों पर लगभग 1 लाख 64 हजार करोड़ रुपए का एनपीए बाकी था। इस समस्या से निपटने के लिए सरकार ने एक कानून बनाया था, उसका नाम है, सरफेसी।

श्री मुख्तार अब्बास नकवी: आपका प्रश्न क्या है?

श्री सत्यव्रत चतुर्वेदी: मैं उसी पर आ रहा हूं। यह गंभीर बात है, इसको समझ लीजिए। उस सरफेसी नामक कानून में ऐसे नॉन परफॉर्मिंग एसेट्स को वसूल करने के लिए बैंकों को व्यापक

अधिकार दिए गए थे। मैं आपके माध्यम से मंत्री जी से जानना चाहता हूं कि वह प्रभावी अधिकार देने के बाद से आज की तारीख में नॉन परफॉर्मिंग एसेट का टेटल वॉल्यूम क्या है? दूसरा, जब से यह सरफेसी कानून बनाया गया, तब से आज तक इस कानून का उपयोग करके बैंकों ने कितनी ऋण की वसूली, अपने नॉन परफॉर्मिंग एसेट की वसूली की है?

श्री पवन कुमार बंसल: महोदय, पिछले तीन वर्षों में 68 हजार 706 करोड़ रुपए एनपीएज का वसूल किया जा चुका है। इस वक्त जो नेट एनपीएज हैं, वे 1.18 हैं। 31.03.2004 में एनपीएज 18 हजार 320 करोड़ से घटाकर 31.12.2006 को 14 हजार 614 करोड़ कर दिया गया है। सर, अगर तीन महीने कोई पैसा नहीं देता है, उसको एनपीए गिना जाता है इसलिए एनपीए बनता रहता है और एनपीए वसूल होता रहता है। इस वक्त बहुत हर्ष के साथ कहा जा सकता है कि पिछले तीन वर्षों में एनपीए कम होकर 1.18 ऑफ दी नेट एडवांसिज हो चुका है।

DR. K. MALAISAMY: Sir, recently, I happened to go through an article to the effect that the performance and the achievement of the public sector banks are much taken care of by the service sector, and, as it is, their performance and their achievements will very soon go to the dogs but for the budgetary support they are being given. This is the observation given in an article. If so, I would like the hon. Minister to confirm whether the performance and the achievement and other things of the public sector banks are at stake and it is giving what you call a sort of imaginary view, but in reality, they will very soon go to the dogs. This is the first part of my question. The second part is this. Sir, when people, particularly MLAs, MPs and political functionaries, go to banks, for assistance some of the officers...

MR. CHAIRMAN: Please come to the question. Otherwise, I will not allow.

DR. K. MALAISAMY:...they say that they are taking a policy decision not to give loans ...*(Interruptions)*... to them I would like to ask from the hon. Minister whether it is true or not. *(Interruptions)*

SHRI PAWAN KUMAR BANSAL: Sir, as far as the first question is concerned ...*(Interruptions)*... Sir, as far as the first part of the question is concerned, I must say that the working of the public sector banks has, in fact, improved over the years. Every quarter, the Finance Minister takes a review meeting with the CEOs of the banks and the various parameters set out therein are reflected in the form of statement of intent and on each parameter, it is worked out. Whether you take the NPAs or you take the

total business, whatever parameter we take, Sir, the working of the public sector banks has improved and the Government is committed to further enthuse strength into the banking system as such. Sir, as far as the second part is concerned...

MR. CHAIRMAN: Second part ...*(Interruptions)*... You reply to the second part ...*(Interruptions)*...

SHRI PAWAN KUMAR BANSAL: Sir, no public sector bank has ever said that. Perhaps, one private sector bank in a particular case mentioned so. Sir, it is the discretion of the banks only to see as to who are their prospective clients. They got to know their clients and accordingly advance loans. *(Interruptions)*

SHRI SHAHID SIDDIQUI: Sir, they say that they will not give car loans to the MLAs and MPs. *(Interruptions)*

SHRI SU. THIRUNAVUKKARASAR: Sir, thank you very much. Sir, whatever the Minister has said about individual housing loans, it may be correct. But we have come to know that there is some restriction or instruction from the Reserve Bank to banks to mediate or go slow in loans for real estate and group housing. I want to know from the hon. Minister whether it is true. Whether the Reserve Bank has given any direction to the banks to reduce the housing loans, group housing loans, real estate loans, etc.

SHRI PAWAN KUMAR BANSAL: Sir, there is a distinction between the housing loans to the individuals who want to own houses and the people who want to get into the business of commercial real estate. Both are treated separately. When it comes to the real estate business, it is treated like any other sector which is a commercial sector. But, Sir, certainly there is no question of impinging upon anyone's desire to go in for housing loan.

MR. CHAIRMAN: Question No. 564. *(Interruptions)*

SHRI SU. THIRUNAVUKKARASAR: Sir, I wanted to know whether there is any restriction. Sir, he has not answered my question. *(Interruptions)*

MR. CHAIRMAN: No, no. Question No. 564.